

## Message Text

PAGE 01 STATE 212372

43

ORIGIN SS-15

INFO OCT-01 NEA-10 ISO-00 OPIC-03 EB-07 COME-00 XMB-02

TRSE-00 INT-05 CIAE-00 INR-07 NSAE-00 AID-05 /055 R

DRAFTED BY E:RMPOATS  
APPROVED BY E:RMPOATS  
NEA/EGY:GGBROWN  
NESA/ME:JROBERTS  
S/S: CABORG  
DESIRED DISTRIBUTION  
OPIC:CMIDDLETON

----- 123454

R 060120Z SEP 75  
FM SECSTATE WASHDC  
TO AMEMBASSY CAIRO

C O N F I D E N T I A L STATE 212372

E.O. 11652: GDS

TAGS: EMIN, ECON

SUBJECT: ABU TARTUR PROJECT

REF: (A) ALEXANDRIA 0058; (B) CAIRO 7728; (C) STATE 204712

1. SUMMARY: RESPONSE TO FAHMY ON ABU TARTUR SHOULD ENCOURAGE FURTHER DISCUSSION WITH PARSONS, ONLY CURRENTLY INTERESTED COMPANY KNOWN TO DEPARTMENT, LOOKING TOWARD TRIANGULAR EGYPTIAN-ARAB-US DEVELOPMENT OF INTEGRATED MINING-PROCESSING-TRANSPORT PROJECT. US CONTRIBUTION WOULD BE TECHNOLOGY AND MINOR PORTION OF FINANCING. US OPERATING COMPANY MIGHT BE WILLING TO TAKE MINORITY EQUITY OR INCENTIVE FEE CONTRACT OR PRODUCTION SHARING ROLE IF CONDITIONS APPEAR PROMISING.

2. FURTHER DISCUSSION WITH RALPH M. PARSONS INC. REVISED UNDERSTANDING OBTAINED FROM WASHINGTON OFFICE REPORTED CONFIDENTIAL

PAGE 02 STATE 212372

IN PARA 9 REF C. PARSONS VICE PRESIDENT DAVID E. KINCAID FURNISHED COPY OF HIS LETTER OF JULY 1 TO MINISTER OF INDUSTRY HAMID SHAHIN WHICH PROPOSED THAT PARSONS, IN ASSOCIATION WITH JACOBS ENGINEERING CO. AND CHASE

MANHATTAN BANK, UNDERTAKE PRIME CONTRACTOR ROLE IN DESIGNING, CONSTRUCTING, OPERATING AND TRAINING EGYPTIAN STAFFS TO TAKE OVER ALL ASPECTS OF ABU TARTUR PROJECT FOR

EGYPTIAN STATE MINING, TRANSPORT AND PORT AUTHORITIES. PROPOSAL SUGGESTS PRELIMINARY CONTRACT TO REVIEW FEASIBILITY AND BACKGROUND STUDIES AND PROPOSE APPROACHES TO EXTRACTION, PROCESSING, TRANSPORT, AND OTHER PARTS OF ENTIRE COMPLEX. REPLY RECEIVED AUGUST 3 FROM VICE CHAIRMAN FATAH OF GENERAL ORGANIZATION FOR INDUSTRIALIZATION, MININDUSTRY, STATES THAT SOVIET FEASIBILITY STUDY JUST RECEIVED, PARALLEL STUDY BY SOFRAMIN (FRANCE) ON TECHNICAL QUESTIONS REGARDING PHOSPHATE EXTRACTION AND BENEFICIATION EXPECTED SHORTLY, AND GOE "MAY" CONTACT PARSONS FOR FURTHER DISCUSSIONS IF GOE DECIDES TO GO AHEAD WITH PROJECT.

3. KINCAID NOTED THAT GOE COORDINATION OF PROJECT'S VARIOUS COMPONENTS HAD BEEN ASSIGNED TO NOW UNDER-EMPLOYED STAFF OF IRON AND STEEL COMPLEX (MR. KAMAL) BECAUSE IT EVIDENTLY HAS COMPETENCE IN MAJOR PROJECT PLANNING. KAMAL INITIALLY EXPRESSED ENTHUSIASTIC AGREEMENT WITH PARSONS' VIEW THAT PROJECT MUST BE PLANNED AND EXECUTED AS SINGLE ENTITY, EVEN THOUGH MINING, PROCESSING, TRANSPORT, PORT AND HOUSING ASPECTS MAY BE UNDER SEPARATE GOE ENTITIES. ALSO HAD GOOD DISCUSSIONS WITH EGYPTIAN GEOLOGICAL ORGANIZATION AND PHOSPHATES ORGANIZATION. KAMAL ENCOURAGED KINCAID TO RETURN FOR FURTHER DISCUSSIONS BUT THEN EVIDENTLY RECEIVED INSTRUCTION TO SUSPEND DISCUSSIONS WITH PARSONS BECAUSE OF POLITICAL CONSIDERATIONS RELATED TO SOVIET ROLE.

4. PARSONS CHAIRMAN MILTON LEWIS, WHO IS MEMBER OF US-EGYPTIAN JOINT BUSINESS COUNCIL, PLANS TO ATTEND OCTOBER COUNCIL MEETING IN ALEXANDRIA AND WISHES TO USE OCCASION OF TRIP TO MEET SENIOR GOE OFFICIALS CONCERNED WITH PROJECT AND DETERMINE WHETHER THEY DESIRE PARTICIPATION  
CONFIDENTIAL

PAGE 03 STATE 212372

OF U.S. ENGINEERING AND CONSTRUCTION CONTRACTORS, U.S. MINING COMPANY, U.S. PRIVATE FINANCIAL INSTITUTION, OR SOME COMBINATION OF THESE IN PROJECT AND UNDER WHAT TERMS. PARSONS IS FLEXIBLE IN APPROACH, WILLING TO BE PRIME CONTRACTOR OF DESIGN, CONSTRUCTION AND OPERATION OF EITHER ENTIRE PROJECT OR PART OF PROJECT, OR PROVIDE ONLY ENGINEERING AND CONSTRUCTION SERVICES TO JOINT VENTURE OF US OPERATING MINING INVESTOR AND GOE OR TO QUASI-EQUITY (I.E., INCENTIVE FEE OR PRODUCTION SHARING) CONTRACTOR TO STATE CORPORATION IN MINING AND PROCESSING ELEMENT OF PROJECT, OR SOME OTHER COMBINATION OF ROLES. PARSONS SEES CHASE BANK'S ROLE AS USEFUL IN FINANCIAL PLANNING AND FINANCING OF INDUSTRIAL ELEMENT OF PROJECT, RECOGNIZING

THAT GOE WILL NEED AND SEEK PUBLIC FINANCING PRESUMABLY ARAB OR US FOR INFRASTRUCTURE PORTIONS.

5. IN VIEW OF PARSONS' EFFORTS, INTEREST AND FLEXIBLE PROPOSAL, DEPARTMENT IS DEFERRING CONTACTS WITH OTHER POSSIBLE U.S. PRIVATE PARTICIPANTS UNTIL AFTER OUTCOME OF PARSONS' CHAIRMAN LEWIS' PROPOSED MEETINGS IN CAIRO IN MID-OCTOBER IS KNOWN. REQUEST EMBASSY ADVISE FAHMY AND EFFAT OF LEWIS' INTEREST AND MAKE TENTATIVE APPOINTMENTS FOR HIM WITH APPROPRIATE GOE OFFICIALS IMMEDIATELY FOLLOWING BUSINESS COUNCIL MEETING.

6. IN DISCUSSIONS WITH GOE MINISTERS, WE HAVE SEEN THIS PROJECT AS PROMISING SUBJECT FOR TRIANGULAR INVESTMENT -- ARAB PETRODOLLARS, EGYPTIAN LOCAL RESOURCES AND MANPOWER, AND U.S. TECHNOLOGY AND MINIMAL U.S. CAPITAL -- IF SOVIET FINANCING FELL THROUGH. OUR DISCUSSIONS WITH SAUDI OFFICIALS IN FEBRUARY INDICATED SOME SAUDI INTEREST IN FINANCING PROJECT AND ACCESS TO ITS OUTPUT FOR POSSIBLE SAUDI COMPLEX FERTILIZER PLANTS, PROVIDED SAUDIS COULD BE SATISFIED THAT IT WOULD BE DESIGNED AND OPERATED EFFICIENTLY. PARTICIPATION OF U.S. ENGINEERING CONSTRUCTION AND OPERATING COMPANIES, PARTICULARLY IF LATTER HAD FINANCIAL INTEREST IN EFFICIENT OPERATION, PRESUMABLY WOULD ENCOURAGE SAUDI OR KUWAITI DEBT AND POSSIBLY EQUITY INVESTMENT IN PROJECT. LOAN FINANCING BY AID AND EXIM HAS NOT BEEN CONSIDERED, IN VIEW OF GOE STATEMENTS THAT IT IS SOVIET AID PROJECT AND CONFIDENTIAL

PAGE 04 STATE 212372

OUR LACK OF ACCESS TO FEASIBILITY STUDY. IF GOE TAKES COORDINATED POSITION THAT IT WISHES TO SWITCH TO TRIANGULAR INVESTMENT APPROACH, SOME USG LOAN FINANCING COULD BE CONSIDERED BUT WITH USUAL CAVEATS REGARDING ECONOMIC AND TECHNICAL FEASIBILITY AND MUTUAL JUDGMENT OF PRIORITY AMONG ALTERNATIVE EGYPTIAN DEVELOPMENT PROJECTS.

7. CLARIFICATION OF LEGAL AND REGULATORY ISSUES, PER REFS B AND C, WOULD BE IMPORTANT FACTOR IN PARSONS' EFFORT TO ATTRACT PARTICIPATION OF EQUITY OR QUASI-EQUITY INVESTMENT BY OPERATING MINING COMPANY.

8. REQUEST REPORT ON PROGRESS IN SETTING UP APPOINTMENTS PER PARA 5 AND ON GOE VIEWS ON BASIC QUESTIONS IN PARA 4. ROBINSON

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MINING INDUSTRY, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** buchant0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE212372  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** E:RMPOATS  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Film Number:** D750309-0433  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t197509103/baaaaauu.tel  
**Line Count:** 159  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Office:** ORIGIN SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchant0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 JUL 2003 by ShawDG>; APPROVED <29 DEC 2003 by GolinoFR>; APPROVED <29 DEC 2003 by buchant0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> gwr 971014  
**Subject:** n/a  
**TAGS:** ECON, EMIN  
**To:** CAIRO  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006